

REFERENCE TITLE: ASRS; return of contributions

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2113

Introduced by
Representative Boone

AN ACT

AMENDING SECTIONS 38-740 AND 38-742, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 38-740, Arizona Revised Statutes, is amended to
3 read:

4 38-740. *Return of contributions*

5 A. ~~Any~~ A member WHOSE MEMBERSHIP COMMENCED BEFORE JULY 1, 2010 AND who
6 leaves employment other than by retirement or death may elect to receive a
7 return of the contributions as follows:

8 1. If the member has less than five years of credited service, the
9 member shall receive the member's contributions.

10 2. If a member has five or more years of credited service, the member
11 shall receive the member's contributions and an amount equal to a percentage
12 of the employer contributions paid on behalf of the member. The percentage
13 of employer contributions paid on behalf of the member shall be as follows:

14 (a) 5.0 to 5.9 years of credited service, twenty-five per cent.

15 (b) 6.0 to 6.9 years of credited service, forty per cent.

16 (c) 7.0 to 7.9 years of credited service, fifty-five per cent.

17 (d) 8.0 to 8.9 years of credited service, seventy per cent.

18 (e) 9.0 to 9.9 years of credited service, eighty-five per cent.

19 (f) 10.0 or more years of credited service, one hundred per cent.

20 3. ~~Interest on the returned contributions as determined by the board.~~

21 B. A MEMBER WHOSE MEMBERSHIP COMMENCED ON OR AFTER JULY 1, 2010 AND
22 WHO LEAVES EMPLOYMENT OTHER THAN BY RETIREMENT OR DEATH MAY ELECT TO RECEIVE
23 A RETURN OF THE MEMBER'S CONTRIBUTIONS. IF THE MEMBER HAS FIVE OR MORE YEARS
24 OF CREDITED SERVICE, THE MEMBER SHALL RECEIVE THE MEMBER'S CONTRIBUTIONS AND
25 AN AMOUNT EQUAL TO TWENTY-FIVE PER CENT OF THE EMPLOYER CONTRIBUTIONS PAID ON
26 BEHALF OF THE MEMBER.

27 C. THE AMOUNT RETURNED PURSUANT TO SUBSECTION A OR B ACCUMULATES
28 INTEREST AT A RATE THAT IS DETERMINED BY THE BOARD.

29 D. Withdrawal of contributions with interest constitutes a
30 withdrawal from membership in ASRS and results in a forfeiture of all other
31 benefits under ASRS.

32 E. Notwithstanding any other provision of this article, a member
33 who has not received a return of contributions pursuant to this section may
34 combine any two or more periods of service for purposes of determining the
35 member's benefits.

36 F. If a member receives more than the amount due to a member
37 pursuant to this section, the member shall repay the amount of the
38 overpayment together with interest at the interest rate earned on ASRS
39 investments as reported on a quarterly basis, but not less than the valuation
40 rate established by the board, from the time of overpayment to the settlement
41 of the debt.

42 Sec. 2. Section 38-742, Arizona Revised Statutes, is amended to read:

43 38-742. *Reinstatement*

44 A. If an active member who received a return of contributions on
45 termination of employment and by receipt of those contributions forfeited

1 credited service earned on that employment, as provided in section 38-740,
2 subsection A **OR B**, is subsequently reemployed by an employer, the member's
3 service shall be credited only from the date the member's most recent
4 reemployment period commenced.

5 B. Notwithstanding subsection A of this section, the member may
6 redeposit the amount of the contributions the member received at the time of
7 the member's separation from service, with interest on that amount to the
8 date of redeposit at the interest rate assumption approved by the board for
9 actuarial equivalency. On satisfaction of this obligation, the member's
10 service credits acquired by the previous employment shall be reinstated. The
11 member is subject to the benefits and duties in effect at the time of the
12 member's most recent reemployment except as provided in section 38-711,
13 paragraph 5, subdivision (a). If a member redeposits less than the amount
14 required under this subsection, ASRS shall proportionately reduce the
15 member's reinstated service credits.

16 C. A member who is receiving benefits pursuant to section 38-797.07
17 and who received a return of contributions on termination of employment and
18 by receipt of those contributions forfeited credited service earned on that
19 employment, as provided in section 38-740, subsection A **OR B**, may redeposit
20 the amount of the contributions the member received at the time of the
21 member's previous separation from service, with interest on that amount to
22 the date of redeposit at the interest rate assumption approved by the board
23 for actuarial equivalency. On redeposit of the contributions and interest,
24 the member's service credits acquired by the previous employment shall be
25 reinstated. The member is subject to the benefits and duties in effect at
26 the time of the member's most recent reemployment except as provided in
27 section 38-711, paragraph 5, subdivision (a). If a member redeposits less
28 than the amount required under this subsection, ASRS shall proportionately
29 reduce the member's reinstated service credits.

30 Sec. 3. Appropriation: Arizona state retirement system:
31 exemption

32 A. The sum of \$232,332 is appropriated from the Arizona state
33 retirement system administration account in fiscal year 2009-2010 to the
34 Arizona state retirement system for the administrative implementation of this
35 act.

36 B. The appropriation made in subsection A of this section is exempt
37 from the provisions of section 35-190, Arizona Revised Statutes, relating to
38 lapsing of appropriations.